

RICHARD F. BERGNER & ASSOCIATES

ATTORNEYS AT LAW
5151 SAN FELIPE, SUITE 1950
HOUSTON, TEXAS 77056-3607

RICHARD F. BERGNER
rbergner@rfblaw.net

TELEPHONE (713) 783-4832
FACSIMILE (713) 783-2502

October 1, 2007

Mr. Craig Hoover
Texas Molecular Limited Partnership
P.O. Box 1893
Texas City, Texas 77592

Via Certified Mail/Return Receipt Requested

Dear Mr. Hoover:

I am following up on our last telephone conversation regarding the contractual relationship between Texas Molecular Limited Partnership ("Texas Molecular") and National Oil Recovery Corporation ("Norco") and in particular your statement that Texas Molecular would not schedule any further pickups of liquid waste from the Norco Refinery in Ingleside, Texas, until and unless Norco signs a new Service And Pricing Agreement, which, in addition to an increased price per gallon disposal fee, would include a transportation charge of "\$350.00 plus surcharges and \$75.00 per hour demurrage after one hour free loading."

In that you are new to the Texas Molecular/Norco contractual relationship, I thought it appropriate to bring to your attention the background of that relationship and Norco's current position.

In September of 2004, Norco engaged in negotiations with Texas Molecular for the removal of liquid waste material from the Norco Refinery. As part of these negotiations, Texas Molecular removed approximately 90,000 gallons of liquid waste as part of a two day trial to determine the nature of the material and to arrive at a price for transportation and disposal on a per gallon basis of this material. Texas Molecular determined the liquid waste was disposable at the Corpus Christi site. Regarding the charge per gallon, Norco agreed to commit its entire volume of liquid waste at the Refinery, which was estimated to be at the time 6,500,000 gallons, to the Texas Molecular contract at a negotiated price of .12¢ per gallon inclusive of disposal and transportation.

Based upon the two day test run and the tying up of Norco's entire volume of liquid waste material, Norco and Texas Molecular entered into a Service And Pricing Agreement, dated November 19, 2004, a copy of which is enclosed.

Please note that Texas Molecular also agreed in unnumbered paragraph 3 (Price/Payment Terms), that "[p]rice and payment terms shall be fixed for the duration of the NPL Falcon Refinery site project ("Project") in San Patricio County, Texas."

What was specifically negotiated out of the standard Texas Molecular Service And Pricing Agreement was the right for Texas Molecular to change prices and terms upon thirty days written notice. This feature of the usual Service And Pricing Agreement was negotiated out of the one signed by Norco in exchange for Norco promising to dedicate the disposal at Texas Molecular's Corpus Christi site of the entire liquid waste at the Norco Refinery.

In December of 2005, Mr. Hartley approached me regarding increasing the disposal and transportation charge per gallon from .12¢ per gallon to .13¢ per gallon, in order to take into account increased fuel costs. No other changes were to be made to the Agreement. The first revised Service And Pricing Agreement sent to me with a price effective date of 12-6-05, stated the same pricing and payment terms as the original contract. Subsequently, Mr. Hartley sent me another Service And Pricing Agreement, whereby the price and payment terms were subject to change in thirty days written notice from Texas Molecular to Norco. I refused that contract and told Mr. Hartley that all I would agree to would be an increase for disposal and transportation from .12¢ to .13¢ per gallon. This arrangement is what has been in place since December of '05 and on which Norco has been making its payments in response to invoices reflective of a .13¢ per gallon disposal and transportation charge.

In July and August of this year, you came on the scene and submitted to Norco new Service And Pricing Agreements reflective of increased disposal costs per gallon of waste material as well as transportation fees of \$350.00 plus \$75.00 demurrage after the one hour free loading.

Norco did not agree to the new contracts tendered to it by you.

To date, Norco has paid Texas Molecular \$826,132.64 for the transportation and disposal of liquid waste from the Norco Refinery.

Based on the attached schedule prepared by Stephen Halasz and Robert at Texas Molecular's Corpus Christi site, there remains to be picked up and disposed of at the Corpus Christi site an additional 1,030,000 gallons, more or less, of liquid waste that conforms to the liquid waste stream covered by the November 19, 2004, Service And Pricing Agreement.

Norco demands that Texas Molecular comply with the November 19, 2004, Service And Pricing Agreement and begin immediately to provide transportation and disposal of the liquid waste at the current price of .13¢ per gallon.

If Norco is forced to make other arrangements for the transportation and disposal of this remaining liquid waste stream at increased costs, Norco will hold Texas Molecular responsible for these increased costs, including attorney's fee and court costs.

Mr. Craig Hoover
October 1, 2007
Page 3

Please advise me as to Texas Molecular's final position on this matter.

Very truly yours,

Richard F. Bergner

RFB:sjh
Enclosures

cc: Mr. Stephen J. Halasz
w/o Enclosures

FROM : NORCO/SOLFRED MAIZUS

FAX NO. : 15162398735

Nov. 11 2004 03:26PM P1

Page 1/3

Nov-11 04 1:00PM;

Sent By: LAW OFFICE;

713/762502;



Texas Molecular Limited Partnership

TM Corpus Christi Services Limited Partnership

6601 Greenwood; P.O. Box 7808; Corpus Christi, TX 78467-7809

SERVICE AND PRICING AGREEMENT

U.S. EPA ID Number **TXR000001916**

Price Effective Date: 11/05/04

State Facility's ID **03093**

COMPANY:

NATIONAL OIL RECOVERY CORPORATION (NORCO)
37-17 BOWNE STREET
FLUSHING, NY 11364
ATTN: ACCOUNTS PAYABLE

GENERATOR:

FALCON REFINERY
1472 FM2725
INGLESIDE, TX 78662

Waste Stream Number: 11409605
Account Manager: Joel Hartley

Waste Description: **WATER CONT'N W/SOLVENTS & METALS**
Estimated Volume: 0.5 million gallons

DISPOSAL:

Disposal & Transportation per Gallon:

\$ 0.12 (Deepwell Phase)

\$ 0.60 (Fuel Phase)

Solid Surcharges:

\$ 0.12 per percent per gallon over .2% free

FEES

State of Texas Commercial Waste Fee: (Based on applicable handling code)

WASTE IDENTIFICATION/ACCEPTANCE: The Waste Profile Document provided by CUSTOMER is incorporated by reference into this Agreement. TM Corpus Christi Services Limited Partnership reserves the right to reject any waste that does not conform to the Waste Materials identified above and on the Waste Profile Document. Nonconforming waste, if in TM's possession, will be removed by TM at CUSTOMER's expense within 48 hours from notification of non-conformance. Additionally, CUSTOMER is responsible for all costs resulting from non-conform waste (including waste not correctly characterized) after receipt and acceptance by. All costs include, but are not limited to: equipment or facility damage, remediation or corrective action, administrative and/or legal costs, as well as any fines and/or penalties. TM may manage the Waste Materials at any of its facilities or the facilities of its affiliates, or may subcontract with others (including affiliates) for the management of the Waste Materials. Such arrangements will not relieve of its obligations under this Agreement.

SCHEDULING/SHIPPING: Scheduling must be arranged through TM by calling Scheduling at (361) 652-8284 between 8:00 AM - 5:00 PM Mon.-Fri. at least 48 hours in advance unless TM agrees otherwise. Shipments must travel with a Texas Uniform Hazardous Waste Manifest and a Land Disposal Restriction Notification (LDRN). CUSTOMER acknowledges that it has received and understands TM's procedures for entry and exit to and from its properties and agrees to comply with such procedures, which are incorporated into this Agreement. Further, CUSTOMER understands and agrees that TM has the absolute right, in its sole discretion, in addition to its other remedies, to terminate this Agreement should TM determine, in its sole discretion, that CUSTOMER or any of its employees, invitees, contractors, or other agents are not in total compliance with all of such procedures.

PRICE/PAYMENT TERMS: Price and payment terms shall be fixed for the duration of the NPL Falcon Refinery site project ("Project") in San Patricio County, Texas. Invoices are due and payable on receipt. All accounts not paid within 30 days of invoice date will bear interest at the maximum rate allowed by law. Additional credit restrictions may apply. In consideration of TM agreeing to fix its price as described above, CUSTOMER agrees that it will send to TM for disposal 100% of all waste associated with the Project which conforms with the Waste Profile Document.

MISCELLANEOUS: Each party will indemnify the other for breaches of representations, agreements or warranties made in this Agreement. All representations and warranties survive the termination of this Agreement. In the event of a dispute, the prevailing party shall be awarded attorney's fees and costs. This Agreement is effective as of the earlier of the date below CUSTOMER's signature or the date Waste Materials are first shipped to TM and will continue for the duration of the Project. This Agreement represents the entire agreement of the parties with respect to the Waste Materials identified herein. This Agreement is governed by Texas law, without reference to its choice of law provisions.

WARRANTIES: CUSTOMER and TM each warrant: it will comply with all laws, regulations, orders and ordinances applicable to the collection of the Waste Materials at and transportation of the Waste Materials from CUSTOMER's premises, and to the treatment and disposal of the Waste Materials after leaving CUSTOMER's premises; and it will comply with all rules, policies and procedures established by the other for admission to the other's facilities. CUSTOMER warrants: the description of the Waste Materials as represented by the Waste Profile Document is correct and complete, includes all information regarding the Waste Materials that present or may present a risk or hazard to persons, property, the environment or ecosystem, and fairly advises TM of the hazards or risks known to CUSTOMER to be incident to the handling or disposal of the Waste Materials. If CUSTOMER is responsible for transportation, (i) all demurrage charges, including loading and unloading, are for the account of CUSTOMER and (ii) CUSTOMER will deliver the Waste Materials to TM in such a manner so as to minimize spillage or contamination or risk of injury to or exposure of persons, property, the environment or the ecosystem; at all times after the Price Effective Date it will continue to promptly disclose to TM all information relating to components of the Waste Materials that present or may present a hazard or risk to persons, property, the environment or the ecosystem; and CUSTOMER is under no legal, administrative, judicial or regulatory restraint which prohibits the removal, transportation or disposal of the Waste Materials or the transfer of possession of the Waste Materials to TM. TM warrants: it is experienced in, and engaged in the business of, providing waste management services for hazardous and nonhazardous materials; and it has the appropriate permits to manage the Waste Materials.

FROM :NORCO/SOLFRED MAIZUS

FAX NO. :15162398735

Nov. 11 2004 03:27PM P2

Sent By: LAW OFFICE;

MISCELLANEOUS: Each party will indemnify the other for breaches of representations, agreements or warranties made in this Agreement. All representations and warranties survive the termination of this Agreement. In the event of a dispute, the prevailing party shall be awarded attorney's fees and costs. This Agreement is effective as of the earlier of the date below CUSTOMER's signature or the date Waste Materials are first shipped to TMI and will continue until either party sends 30 days written notice of termination to the other. This Agreement represents the entire agreement of the parties with respect to the Waste Materials identified herein. This Agreement is governed by Texas law, without reference to its choice of law provisions.

This Agreement must be accepted by CUSTOMER within 30 days from Price Effective Date above. CUSTOMER's acceptance (either by signature or by shipment of Waste Materials to TMI) constitutes full acceptance of the terms and conditions herein and all other terms and conditions, whether found in requests for proposals, purchase orders, acknowledgments or otherwise, are null and void.

TMI CORPUS CHRISTI SERVICES LIMITED PARTNERSHIP

By: 
Authorized RepresentativeDate: November 19, 2004

NATIONAL OIL RECOVERY CORPORATION

By: 
Authorized RepresentativeDate: November 11, 2004

Original: Customer Copy

Copy: Return to Facility

(Revised 10/02)

Tank Number	Gallons of liquid waste	Can TM accept liquid waste	Gallons of Sludge
2 north site	0	No	10,000
7 north site	0	No	10,000
10	209,880	Yes	0
17	0	No	17,409
18	157,770	Yes	3,808
19	empty		
20	200,211	Yes	3,264
21	174,638	Yes	2,720
22	25,026	yes	0
23	67,462	yes	0
24	183,890	yes	3,264
26	0	No	5,000
27	0	No	5,000
30	Ask Dirt		
N-1	1,057	Yes	1,500
N-2	8,742	No	
Y-1	10,074	Yes	1,060
X-1	0	No	1,866
X-2	0	No	1,332
X-3	0	No	1,199
Total	1,038,750		67,422